

Message Text

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ACTION EA-09

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TO SECSTATE WASHDC 6836

INFO AMEMBASSY BANGKOK

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY PARIS

AMEMBASSY SINGAPORE

CINCPAC

C O N F I D E N T I A L HONG KONG 10448

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PFOR EEWT VS HK

SUBJECT: PRG DELEGATION TO HONG KONG STRIKES OUT

SUMMARY: A TWO-MAN PRG DELEGATION LEFT HONG KONG SEPT 5 IN A HUFF AFTER TWO WEEKS OF RELATIVELY UNSUCCESSFUL NEGOTIATIONS WITH THE HONG KONG GOVERNMENT OVER PRG PROPERTY CLAIMS. DESPITE FRONT PAGE STORIES IN LOCAL NEWSPAPERS ANNOUNCING PRG TAKE OVER OF MILLIONS OF DOLLARS WORTH OF PROPERTY AND THE GVN CONSULATE, THE DELEGATION DEPARTED RELATIVELY EMPTY-HANDED. THEY DID OBTAIN THE GVN AUTOMOBILES, OFFICE FURNITURE AND BANK ACCOUNTS BUT NO HKG AGREEMENT FOR OPENING A CONSULATE. THEIR MOST SOUGHT AFTER OBJECTIVE THE AIR VIETNAM 707, REMAINS SAFELY IN PAN AM HANDS. END SUMMARY

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1. A DELEGATION FROM THE PRG MINISTRY OF ECONOMY AND FI-

NANCE CONSISTING OF NGUYEN KHAC HUYNH AND NGUYEN THE CHOUNG ARRIVED IN HONG KONG FROM CANTON BY TRAIN ON AUG. 20 TO TAKE OVER PROPERTIES BELONGING TO THE FORMER GVN. ACCORDING TO A HKG OFFICIAL, THEY WERE ADVISED THAT THE HKG CONSIDERS THE PRG TO HAVE SUCCEEDED TO ALL ASSETS AND OBLIGATIONS OF THE FORMER SOUTH VIETNAMESE GOVERNMENT. THE DELEGATION IN TURN AGREED THAT THEY SHOULD BE GIVEN ALL GVN ASSETS BUT DID NOT ACCEPT THE LIABILITIES OF THE FORMER "PUPPET REGIME".

2. GVN CONSULATE GENERAL PROPERTY. THE FORMER GVN CONSULATE GENERAL, WHICH WAS LOCATED IN THE MELBOURNE PLAZA OFFICE BUILDING IN DOWNTOWN HONG KONG, WAS VACATED PRIOR TO THE ARRIVAL OF THE DELEGATION. THE OFFICE SPACE IS UP FOR RENT. THE CONSULATE GENERAL'S FURNITURE IS HELD BY THE HKG WHICH IS AGREEABLE "TO PLACING IT ON A SHIP FOR THE PRG". THE HKG IS ALSO AGREEABLE TO SHIPPING THE TWO CONSULATE CARS (ONE OF WHICH DOESN'T RUN) AS SOON AS THE PARKING LOT FEE IS PAID. THE HKG TURNED OVER THREE GVN BANK ACCOUNTS REPORTEDLY CONTAINING "MODEST SUMS". ONE ACCOUNT WAS IN BANK OF AMERICA AND TWO WERE IN THE CHARTERED BANK. ACCORDING TO A BANK OF AMERICA REP. (PROTECT) THE GVN ACCOUNT THERE CONTAINED HK\$113,000 (US\$22,600). WHICH IS FROZEN. A HKG OFFICIAL INFORMED CONGEN OFFICER THAT THE QUESTION OF OPENING A PRG CONSULATE GENERAL WAS NOT DISCUSSED AND THE HKG WILL BLOCK ANY ATTEMPT BY THE PRG TO OPEN AN OFFICE IN HONG KONG (SEE HONG KONG 9142)

3. AIR VIET NAM PROPERTY. THE PRG LAID CLAIM WITH THE HKG TO THE AIR VIET NAM 707 LEFT IN HONG KONG (WE UNDERSTAND THIS WAS THE SECOND 707 MADE) THE AIR VIET NAM BANK ACCOUNTS AND A FEW AIRCRAFT ENGINES BELONGING TO AIR VIET NAM SINCE THE HK COURTS HAD AWARDED THE MONEY IN THE AIR VIET NAM BANK ACCOUNTS TO AVN CREDITORS AND THE AIRCRAFT TO ITS MORTGAGEE, PAN AM. THE HKG REFERRED THE DELEGATION TO THE HK COURTS. THE PRG DELEGATION VIOLENTLY OBJECTED TO THIS COURSE OF ACTION. IN A FAREWELL PRESS INTERVIEW ON THE SUBJECT, THE PRG DEL STATED THAT IT "FIRMLY OPPOSES AND REJECTS ANY COURT DECISION" (ON THE AIRCRAFT) AND DECLARED THE REFUSAL TO HAND THE AIRCRAFT OVER TO THE PRG REFLECTS A LACK OF GOODWILL ON THE PART OF THE HKG AND RUNS COUNTER TO INTERNATIONAL LAW

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AND PRACTICES." THE PRG WAS ABLE TO KEEP THE AIRCRAFT ENGINES BELONGING TO AIR VIET NAM.

4. GVN CARGO. THE PRG DEL MEMBER ACCOMPANIED BY A DRV TRADE COMMISSION MEMBER VISITED SEA-LAND CONTAINER SERVICES WITH A LARGE NUMBER OF BILLS OF LADING AND DEMANDED THAT THE GOODS COVERED BY THE BILLS BE HANDED OVER TO THE PRG. SEA-LAND PLIED THAT THE (#)

BILLS COVERED GOODS BELONGING TO USAID WHICH HAD ALREADY BEEN RETURNED TO THE USG AND THAT SEA-LAND DID NOT HOLD ANY PRG PROPERTY. SEA-LAND RAISED THE QUESTION OF RECOVERING \$500,000 WORTH OF SEA-LAND EQUIPMENT LEFT IN VIET-NAM AND WAS TOLD THAT THE MATTER WOULD BE LOOKED INTO," BUT ONE GOOD TURN DESERVES ANOTHER", A SEA-LAND REP REPORTED TO THE CONGEN THAT A SMALL AMOUNT OF THE GOODS COVERED BY THE BILLS OF LADING, IN FACT WAS ALREADY IN SAIGON.

5. THE SHIP "TRUONG XUAN". DURING THEIR STAY THE PRG DEL WAS ALSO ABLE TO NEGOTIATE WITH LOCAL FIRMS THE RECOVERY OF THE ABANDONED VIETNAMESE DERLICT "TRUONG XUAN" WHICH WAS REPORTEDLY LATER SOLD TO THE SHIP BREAKERS FOR US\$50,000 (SEE HONG KONG 9585).

6. PRIOR TO THE DELEGATION'S DEPARTURE THE HKG ADVISED THE PRG REPS THAT THE HKG INTENDED TO PLACE THOSE VIETNAMESE REFUGEES WHO WISHED TO GO HOME ABOARD A DRV CHARTERED SHIP (EXPECTED IN HONG KONG IN MID-SEPTEMBER). THE PRG DID NOT RESPOND THE HKG CONCLUDED THE MEETING BY NOTING HOW MUCH THEY LOOKED FORWARD TO FUTURE TALKS AND HOPED THE NEXT ROUNDS WOULD BE IN SAIGON.

7. COMMENTS: THE ATTITUDE OF THE LOCAL GOVERNMENT ON THESE NEGOTIATIONS WAS WELL SUMMARIZED IN A SEPT 7 EDITORIAL OF THE SOUTH CHINA MORNING POST WHICH COMMENTED THAT "IT WOULD BE AN UNFORTUNATE START TO HK'S RELATIONS WITH THE NEW REGIME IN SAIGON IF THIS CASE (THE AVN 707) WERE TO CREATE A SERIOUS OBSTACLE. BUT CORDIAL RELATIONS CAN ONLY EXIST IF THERE IS CLEAR UNDERSTANDING OF THE LEGAL PROCEDURES RULING IN HK. DIPLOMATIC ARM-TWISTING IS THE WRONG WAY TO GO ABOUT SETTLING A GRIEVANCE." END SUMMARY.

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